

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.

Washington, D.C. 20036-5339

RECORDATION NO. 1 5141/B Filed & Recorded
RECORDATION NO. 1 5141/A Filed & Recorded

DEC 31 1986 9-50 AM

DEC 31 1986 9-50 AM

DEC 31 1986 9-50 AM

John D. Hushon

(202) 857-1220 INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION
December 31, 1986
JDH-84/457

INTERSTATE COMMERCE COMMISSION

Secretary,
Interstate Commerce Commission
Washington, D.C. 20423

No. 6-365A010
Date DEC 31 1986
Fee \$ 30.00

Dear Sirs:

ICC Washington, D. C.

I enclose for recordation in accordance with 49 U.S.C. §11303 executed and notarized copies of a Security Agreement dated December 30, 1986 but as of December 31, 1986, a Memorandum of Lease dated as of December 16, 1986 and an Assignment Agreement dated December 16, 1986. The names and addresses of the parties to the above documents are as follows:

1. Security Agreement

Grantors:

PLM Transportation Equipment Partners VIIID 1985
Leveraged Fund, a California Limited Partnership, and
PLM Investment Management, Inc., a California
corporation
655 Montgomery Street, Suite 1200
San Francisco, California 94111
Attention: Robert S. Leichtner
Vice President and General Counsel

Secured Party:

Citicorp Industrial Credit, Inc.
Citicorp Center
One Sansome Street, 28th Floor
San Francisco, California 94104
Attn: Equipment Finance Division

Equipment Covered:

Eleven 5-Platform Bulkheaded Intermodal Container Flat
railroad cars bearing car numbers SP513350 to and
including SP513360.

Secretary, Interstate Commerce Commission
December 31, 1986
Page Two

2. Memorandum of Lease Agreement for Railroad Cars

Lessor:

PLM Investment Management, Inc.
655 Montgomery Street, Suite 1200
San Francisco, California 94111

Lessee:

Greenbrier Leasing Corporation
One Centerpoint Drive, Suite 200
Lake Oswego, Oregon 97034

Equipment Covered:

Eleven 5-Platform Bulkheaded Intermodal Container Flat
railroad cars bearing car numbers SP513350 to and
including SP513360.

Assignor: Greenbrier Leasing Corporation

3. Assignment Agreement

Assignor: Greenbrier Leasing Corporation

Assignee:

PLM Investment Management, Inc. as agent for
PLM Transportation Equipment Partners VIIID 1985
Leverage Fund, a California limited partnership
655 Montgomery Street, Suite 1200
San Francisco, California 94111
Attn: Robert S. Leichtner,
Vice President and General Counsel

Equipment Covered:

Eleven 5-Platform Bulkheaded Intermodal Container Flat
railroad cars bearing car numbers SP513350 to and
including SP513360.

One previous filing has been made with the ICC with
respect to the railroad cars described above on December 17,
1986 (Document No. 15122).

A filing fee of \$30 is enclosed. I would appreciate
your filing one counterpart of the foregoing three documents
under the provisions of 49 U.S.C. §11303 and stamping the
additional copies of each of the documents for return to the

Secretary, Interstate Commerce Commission
December 31, 1986
Page Three

parties involved in the transaction. We would also appreciate your returning to us a stamped copy of this transmittal letter, which is enclosed.

The undersigned certifies that he is acting as special ICC counsel in this transaction, that he has reviewed the above described documents and that the summary description contained in this transmittal letter is accurate.

Sincerely,



John D. Hushon

Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

12/31/86

OFFICE OF THE SECRETARY

John D. Hushon
Arent, Fox, Kintner, Plotkin & Kahn
Washington, Square
1050 Conn. Ave. N.W.
Washington, D.C. 20036-5339

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/31/86 at 9:50am, and assigned re-
recording number(s). 15141, 15141-A & 15141-B

Sincerely yours,

Noreta R. McGehee
Secretary

Enclosure(s)

SE-30
(7/79)

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5339

John D. Hushon
(202) 857-6290

February 1, 1988

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: File No. 15141

Dear Sirs:

I enclose for recordation in accordance with 49 U.S.C. § 11303 executed and notarized copies of a Release Agreement dated February 1, 1988. The names and addresses of the parties to the above document are as follows:

1. Release Agreement

Party Released:

PLM Transportation Equipment Partiers VIIID 1985
Leveraged Fund, a California Limited Partnership, and
PLM Investment Management, Inc., a California
corporation
655 Montgomery Street, Suite 1200
San Francisco, California 94111
Attention: Robert S. Leichtner
Vice President and General Counsel

Releasing Party (Secured Parties):

Citicorp Industrial Credit, Inc.
Citicorp Center
One Sansome Street, 28th Floor
San Francisco, California 94104
Attention: Equipment Finance Division

Equipment Covered:

Eleven 5-Platform Bulkhead Intermodal Container Flat
railroad cars bearing car numbers SP513350 to and
including SP513360.

Arent, Fox, Kintner, Plotkin & Kahn

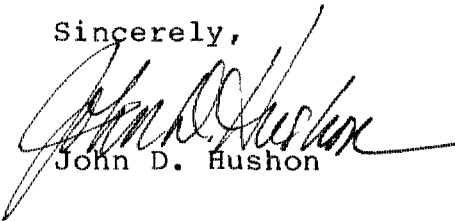
Secretary, Interstate Commerce Commission
February 1, 1988
Page Two

Previous filings have been made with the ICC with respect to the railroad cars described above on December 31, 1986 (Document No. 15141).

A filing fee of \$13 is enclosed. I would appreciate your filing one counterpart of the foregoing three documents under the provisions of 49 U.S.C. § 11303 and stamping the additional copies of each of the documents for return to the parties involved in the transaction. We would also appreciate your returning to us a stamped copy of this transmittal letter, which is enclosed.

The undersigned certifies that he is acting as special ICC counsel in this transaction, that he has reviewed the above described documents and that the summary description contained in this transmittal letter is accurate.

Sincerely,



John D. Hushon

Enclosures

DEC 31 1986 9:50 AM

INTERSTATE COMMERCE COMMISSION 30

SECURITY AGREEMENT dated as of December 31, 1986, made by PLM TRANSPORTATION EQUIPMENT PARTNERS VIIID 1985 LEVERAGED FUND, a California limited partnership ("PLM"), and PLM INVESTMENT MANAGEMENT, INC., a California corporation ("IMI") (PLM and IMI together referred to herein as "Grantor"), to CITICORP INDUSTRIAL CREDIT, INC., a Delaware corporation ("CIC").

WHEREAS, CIC has agreed to make certain advances from time to time to PLM, provided that CIC shall have been granted the security interest contemplated by this Agreement. PLM and IMI have entered into a certain Equipment Management Agreement, pursuant to which IMI will provide to PLM certain management services relating to property beneficially owned by PLM, including but not limited to property covered by this Agreement. In rendering such management services, IMI may, from time to time, act as the agent of PLM in taking title to, and in entering into leases relating to, property beneficially owned by PLM. In view of the foregoing, IMI joins in this Agreement as Grantor.

NOW, THEREFORE, in consideration of the premises and in order to induce CIC to make advances from time to time to PLM, the Grantor and CIC hereby agree as follows:

SECTION 1. Grant of Security. The Grantor hereby assigns, pledges and grants a security interest to CIC in all the Grantor's right, title and interest to the following described property:

(a) all of Grantor's right, title and interest in and to the rolling stock, tractors, over-the-road trailers, intermodal trailers, refrigerated trailers, chassis, generator sets and containers covered by the leases on Schedule I, including any additions or modifications thereto (collectively, the "Equipment");

(b) the leases and other agreements covering the Equipment which are set forth on Schedule I hereto and any and all subleases of such Equipment;

(c) all subsequent, new or renewal leases of the Equipment (with the leases on Schedule I, the "Leases");

(d) all cash, instruments and documents on deposit in the Cash Collateral Account established pursuant to the Loan Agreement (as defined below);

(e) all claims, rights and remedies which the Grantor may now or hereafter have against IMI or any other affiliate of the Grantor including, without limitation, all such rights with respect to the maintenance and storage of the Collateral;

(f) all governmental or other approvals, permits, licenses, franchise agreements, authorities or certificates

required or used in connection with the ownership, operation or maintenance of the Collateral;

(g) all other personal property of the Grantor, now or hereafter acquired, including, without limitation, all accounts, documents, cash, general intangibles, goods, instruments and securities (as such terms are defined in the California Uniform Commercial Code) and all items of equipment not subject to Leases listed on Schedule I hereto; and

(h) all attachments, additions, accessories and accessions to, substitutions for and proceeds (whether cash or non-cash proceeds) and products of all the properties described in paragraphs (a), (b), (c), (d), (e), (f) and (g) above, including, without limitation, all payments under insurance, whether or not CIC is the loss payee thereof, all proceeds of any governmental taking and any indemnity, warranty, letter of credit (including the right to draw on such letter of credit) or guaranty payable by reason of any default under, loss of, damage to, or otherwise with respect to any of the foregoing.

All of the property described in subsections (a) through (h) above is herein collectively called the "Collateral".

SECTION 2. Security for Amounts Payable. This Agreement secures the payment of all amounts payable by the Grantor in connection with the repayment of advances made from time to time by CIC, including, without limitation, the amounts payable by the Grantor under the Equipment Loan Agreement dated as of December 31, 1986, between PLM and CIC (the "Loan Agreement"), the Promissory Notes issued pursuant to the Loan Agreement and any note or notes issued in connection with the refunding or rollover of such notes, and all amounts, whether for fees, expenses or otherwise, of the Grantor now or hereafter payable to CIC or any of its affiliates under the Loan Agreement or any other credit or loan agreement or note, or any security agreement, including this Agreement (all such amounts payable being the "Amounts Payable").

SECTION 3. Liability under Leases. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the Leases to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by CIC of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the Leases, and (c) CIC shall not have any obligations or liability under the Leases by reason of this Agreement, nor shall CIC be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. The Grantor represents, warrants and covenants to CIC as follows:

(a) The principal place of business and chief executive office of the Grantor and the office where the Grantor keeps its records and files concerning the Leases and its copies of the Leases, are located at the address specified for the Grantor in Section 17. The Grantor's executed copy of each of the Leases has been delivered to CIC and all of the Grantor's photocopies of the Leases have been stamped or otherwise marked conspicuously with the following legend:

THIS WRITING IS NON-NEGOTIABLE. THIS WRITING AND THE OBLIGATIONS EVIDENCED HEREBY ARE OWNED BY, OR SUBJECT TO THE SECURITY INTEREST OF, CITICORP INDUSTRIAL CREDIT, INC. NO INTEREST IN THIS WRITING OR THE OBLIGATIONS EVIDENCED HEREBY MAY BE SOLD, TRANSFERRED OR ASSIGNED TO ANY OTHER PERSON WITHOUT DELIVERY OF THE EXECUTED COUNTERPART IN THE POSSESSION OF CITICORP INDUSTRIAL CREDIT, INC.

(b) The Grantor owns the Collateral free and clear of any lien, security interest, charge or encumbrance, except for (i) the security interest created by this Agreement and other security agreements executed by the Grantor solely in favor of CIC, (ii) the interests of the lessees under the Leases, (iii) rights of vendors of items of Equipment holding a security interest in such items of Equipment to secure the Grantor's obligations for the purchase price thereof, provided, however, that such rights of vendors shall be terminated and released as of the Closing Date under the Loan Agreement on which CIC finances the Equipment subject to such rights, (iv) rights of lenders secured by items of equipment owned by the Grantor and not part of the Equipment and by the leases thereof, and (v) other liens expressly permitted under the Loan Agreement. The Grantor has paid or caused to be paid all invoice prices, transportation and delivery costs, taxes and any acquisition or other fees relating to the Equipment. The Grantor has all necessary authority to encumber and grant a security interest in the Collateral.

(c) Each item of Equipment the ownership of which, under applicable law, is or should be evidenced by a certificate of title, has been properly titled in the name of the Grantor, except for an item of Equipment which shall have been so titled no later than the Closing Date on which CIC finances such item pursuant to Article II of the Loan Agreement.

(d) There is no effective financing statement or other instrument similar in effect covering all or any part of the Collateral on file in any recording office, except such as may have been filed (i) in favor of CIC, (ii) in favor of the Grantor with

respect to the Leases and the Equipment subject thereto, (iii) in favor of lenders secured by items of equipment owned by the Grantor and not part of the Equipment and by the leases thereof, or (iv) in favor of vendors of items of Equipment holding a security interest in such items of Equipment to secure the Grantor's obligations for the purchase price thereof, provided that such financing statements or other instruments in favor of such vendors shall have been released by the Closing Date under the Loan Agreement.

(e) All information furnished or to be furnished CIC by or on behalf of the Grantor in connection with the Collateral and the Amounts Payable is or will be complete and accurate. The Grantor shall defend and hold harmless CIC against all persons whomsoever claiming the Collateral or any part thereof.

(f) This Agreement creates a valid and perfected first priority security interest of CIC in the Collateral (subject to the security interests of others referred to in Section 4(b) above, for so long as such security interests are permitted by the provisions of this Agreement), securing the payment of the Amounts Payable, and all filings and other actions necessary to perfect and protect such security interest have been duly taken, including, without limitation, the proper notation on each certificate of title covering Equipment of the security interest of CIC and the making of all filings against the lessees under the Leases necessary to perfect the Grantor's interest in the Equipment.

(g) No consent, authorization, approval or other action by, and no notice to or filing with, any governmental authority, regulatory body, lessee or other person or entity is required either (i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor, or (ii) for the perfection or exercise by CIC of its rights and remedies hereunder.

(h) The Leases constitute valid and enforceable obligations of the respective lessees thereunder, enforceable against such lessees in accordance with their terms. On the Closing Date under the Loan Agreement, (i) each item of Equipment financed by CIC on such Closing Date in accordance with Article II of the Loan Agreement shall have been delivered to, and accepted by, the lessee under the respective Lease and (ii) such lessee shall have executed and delivered to the Grantor a Certificate of Inspection and Acceptance of such Equipment and shall have delivered to CIC an Estoppel Agreement in form and content satisfactory to CIC, and all of the foregoing shall have been accomplished with respect to all items of Equipment no later than the Closing Date under the Loan Agreement. No event of default or termination, and no event which, with the giving of notice or lapse of time, or both, would constitute such an event, has occurred on the part of any party under any of the Leases. There does not exist in respect of any Lease any claim, offset, defense or other right on the part of the lessee

thereunder to reduce in any manner the amounts payable under such Lease.

SECTION 5. Documentation.

(a) The Grantor shall from time to time, at the expense of the Grantor, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that CIC may request, in order to perfect and protect the first priority security interest granted or purported to be granted hereby (subject to the security interests of others referred to in Section 4(b) above, for so long as such security interests are permitted by the provisions of this Agreement) or to enable CIC to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor shall: (i) promptly after the execution thereof, deliver to CIC the original execution copies of every new or renewal Lease or other agreement included in the Leases, (ii) mark conspicuously each of its copies of every new or renewal Lease or other agreement included in the Leases and each of its records pertaining thereto with the legend set forth in Section 4(a) or another legend in form and substance satisfactory to CIC, (iii) duly note the security interest of CIC on each certificate of title covering any of the Equipment and on any registration without certification of title covering any of the Equipment, (iv) file this Agreement with the Interstate Commerce Commission in order to perfect CIC's lien on the rolling stock forming part of the Collateral under the provisions of 49 U.S.C.A. § 11303 (1979) (formerly Section 20c of the Interstate Commerce Act), and (v) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, and make such recordings, as may be necessary or desirable, or as CIC may request, in order to perfect and preserve the security interests granted or purported to be granted hereby, including, without limitation, execution and filing of such instruments and recordings as may be necessary under federal law relating to the creation and perfection of a security interest in any of the Equipment.

(b) To the best of its ability, the Grantor shall furnish to CIC from time to time statements and schedules further identifying and describing the Collateral (including, without limitation, the locations and condition thereof) and such other reports in connection with the Collateral as CIC may reasonably request, all in reasonable detail.

SECTION 6. Equipment. The Grantor shall:

(a) cause the Equipment to be kept in jurisdictions where all actions required by Section 5 have been taken with respect to the Equipment; provided, however, that a lessee under a Lease may use or keep Equipment in such other locations as are

permitted under the Lease and the Estoppel Agreement (as defined in the Loan Agreement) delivered by such lessee to CIC;

(b) cause each lessee under the Leases to maintain and preserve the Equipment covered by its Lease strictly in accordance with the terms and provisions thereof and otherwise to perform in a timely manner all obligations of the lessee under its Lease. Without limitation of the foregoing, the Grantor shall cause the Equipment to be maintained and preserved, by the lessee or otherwise, in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made, by the lessee or otherwise, all repairs, replacements and other improvements in connection therewith which are necessary or desirable to such end. The Grantor shall promptly furnish to CIC a statement respecting any loss or damage to any of the Equipment;

(c) pay promptly when due, or cause to be so paid in accordance with the Leases, all property and other taxes, fees, assessments and governmental charges or levies imposed upon or in respect of the Equipment or this Agreement and all claims, including claims for labor, materials and supplies, against the Equipment;

(d) perform in a timely manner all obligations of the Grantor under the Leases;

(e) mark each car of the rolling stock forming part of the Collateral appropriately to show the Grantor's ownership and its assigned reporting mark and number in accordance with the rules and regulations of the American Association of Railroads, and maintain and cause such rolling stock to be always so marked while this Agreement remains in effect and not cause or allow such rolling stock to be marked so as to indicate ownership in any other party or to be renumbered without the prior written consent of CIC, nor allow such rolling stock to be marked so as to indicate a lien thereon allegedly held by any party other than CIC;

(f) at its own cost and expense, as soon as practicable, cause each item of the Equipment (if not prevented by applicable law or regulations or governmental authority, and if it will not adversely affect the proper use thereof) to be legibly marked in a reasonably prominent location with such a plate, disk or other marking of customary size, and bearing such a legend, as shall be appropriate or desirable to evidence the fact that it is subject to the lien and security interest of CIC hereunder. The Grantor shall not remove or deface, or permit to be removed or defaced, any such plate, disk, or other marking or the identifying manufacturer's serial number, and, in the event of such removal, defacement or other disappearance thereof, the Grantor shall promptly cause such

plate, disk or other marking or serial number to be promptly replaced; and

(g) if any rolling stock forming part of the Collateral is used in, leased in, or permitted to be used in Canada (or any province or territory thereof) or in Mexico (or in any state or Federal District thereof), take all necessary action to protect the right, title and interest of CIC in the Collateral and furnish CIC with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to CIC to the effect that the action taken by Grantor is all that is necessary to protect the right, title and interest of CIC in such Equipment.

SECTION 7. Insurance.

(a) The Grantor shall cause the lessees under the Leases to maintain insurance on the Equipment strictly in accordance with the terms and provisions of the Leases. Without limitation of the foregoing, the Grantor shall at its own expense maintain such additional insurance with respect to the Equipment in such amounts, against such risks, in such form and with such insurers as shall be requested by CIC from time to time. Each policy, whether obtained in accordance with the terms and provisions of a Lease or in accordance with this Section 7(a), shall (i) if for liability insurance, provide for all losses to be paid on behalf of CIC and the Grantor as their respective interests may appear, and (ii) if for property damage insurance, provide for all losses to be paid directly to CIC. Each such policy shall in addition (i) name CIC as an insured party or loss payee thereunder, without any representation or warranty by or obligation upon CIC, as its interests may appear; (ii) contain an agreement by the insurer that any loss thereunder shall be payable to CIC notwithstanding any action, inaction or breach of representation or warranty by the Grantor or any lessee under the Leases; provided, however, that in the event of a Casualty Loss (as defined in the Loan Agreement) the Grantor shall make the Mandatory Prepayment required under Section 2.05 of the Loan Agreement and shall thereafter be entitled to any insurance proceeds in respect of such Casualty Loss; (iii) provide that there shall be no recourse against CIC for payment of premiums or other amounts with respect thereto; and (iv) provide that at least 30 days' prior written notice of cancellation or lapse shall be given to CIC by the insurer. The Grantor shall, if so requested by CIC, deliver to CIC original or duplicate policies of such insurance and, as often as CIC may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Grantor shall, at the request of CIC, duly execute and deliver confirmatory instruments of assignment of such insurance policies to comply with the requirements of Section 5 and cause the respective insurers to acknowledge notice of such assignment.

(b) Reimbursement under any liability insurance maintained pursuant to this Section 7 may be paid directly to the person who incurred liability covered by such insurance. In case

of any loss involving damage to Equipment when Section 7(c) is not applicable, the Grantor shall make or cause to be made, by the lessee or otherwise, the necessary repairs to or replacements of such Equipment, and any proceeds of insurance maintained pursuant to this Section 7 shall be paid to the Grantor, the lessee or otherwise, as the case may be, as reimbursement for the costs of such repairs or replacements.

(c) (i) Upon the occurrence and during the continuance of any event of default under any document or instrument evidencing or relating to any of the Amounts Payable, or (ii) upon the actual or constructive total loss of any Equipment, all insurance payments in respect of such Equipment shall be paid to and applied by CIC as specified in Section 13(d) except, with respect only to clause (i), insofar as the Lease covering such Equipment provides for the insurance payments to be paid to the lessee for purposes of repairing the Equipment and, with respect only to clause (ii), that provided the Grantor has made the Mandatory Prepayment required to be made in respect of such loss pursuant to Section 2.05 of the Loan Agreement, the Grantor shall be entitled to retain any insurance proceeds in respect of the actual or constructive total loss of any Equipment.

SECTION 8. Leases.

(a) The Grantor shall keep its principal place of business and chief executive office and the office where it keeps its records and files concerning the Leases and its copies of the Leases at the location specified in Section 17 or, upon 30 days' prior written notice to CIC, at another location in a jurisdiction where all action required by Section 5 shall have been taken with respect to the Leases. The Grantor shall hold and preserve such records and files concerning the Leases and shall permit representatives of CIC at any time during normal business hours to inspect and make abstracts from such records and files.

(b) Except as otherwise provided in this Section 8(b), the Grantor shall continue to collect, at its own expense, all amounts due or to become due the Grantor under the Leases. In connection with such collections, the Grantor may take, and at CIC's direction shall take, such action as the Grantor or CIC may deem necessary or advisable to enforce collection of the Leases. CIC shall have the right at any time, upon written notice to the Grantor of its intention to do so, (i) to direct the lessees under the Leases to make payment of all amounts due or to become due thereunder directly to CIC and, upon such direction and at the expense of the Grantor, to enforce collection of any of the Leases in the same manner and to the same extent as the Grantor might have done, and/or (ii) to require that all amounts received by the Grantor in respect of the Leases be received in trust for the benefit of CIC hereunder and be segregated from other funds of the Grantor. Any amounts so segregated shall, at CIC's request, be forthwith paid over to CIC to be held as cash collateral and either

(A) released to the Grantor after payment in full of all Amounts Payable, or (B) if any event of default shall have occurred and be continuing under any document or instrument evidencing or relating to any of the Amounts Payable, applied as provided in Section 13(d). If CIC notifies Grantor of CIC's intention to direct lessees to make Lease payments directly to CIC and/or to require Grantor to segregate and hold such payments in trust, Grantor shall enter into written agreements satisfactory to CIC to implement such intention.

(c) The Grantor shall accept no prepayment from any lessee of amounts due under any of the Leases without obtaining CIC's prior written consent.

SECTION 9. Transfers and Other Liens. The Grantor shall not:

(a) except as expressly permitted by Section 7.01 or 7.02 of the Loan Agreement, sell, assign (by operation of law or otherwise), lease, charter or otherwise dispose of any of the Collateral without the prior written consent of CIC; or

(b) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interests referred to in Section 4(b) above, for so long as such security interests are permitted by the provisions of this Agreement.

SECTION 10. Attorney-in-Fact. The Grantor hereby irrevocably appoints CIC the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, CIC or otherwise, from time to time in CIC's discretion, to take any action and to execute any instrument which CIC may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Grantor under Section 8), including, without limitation:

(a) to obtain and adjust insurance required to be paid to CIC pursuant to Section 7;

(b) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) to receive, endorse and collect any drafts or other instruments and documents in connection with clauses (a) and (b) above;

(d) to file claims or take any action or institute any proceedings which CIC may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of CIC with respect to any of the Collateral; and

(e) to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law.

SECTION 11. CIC May Perform. If the Grantor fails to perform any agreement contained herein, CIC may itself perform, or cause performance of, such agreement, and the expenses of CIC incurred in connection therewith shall be payable by the Grantor under Section 15(b).

SECTION 12. CIC's Duties. The powers conferred on CIC hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, CIC shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 13. Remedies. If any Event of Default under the Loan Agreement or any event of default under any other document or instrument evidencing or relating to any of the Amounts Payable shall have occurred and be continuing:

(a) CIC may, by notice to the Grantor, declare all of the Amounts Payable to be forthwith due and payable.

(b) CIC, in lieu of or in addition to exercising any other power hereby granted, may, without notice, demand or declaration of default, which are hereby waived by the Grantor, proceed by an action or actions in equity or at law for the seizure and sale of the Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of the Collateral or any part thereof or for the enforcement of any other appropriate equitable or legal remedy.

(c) CIC may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code, whether or not the Uniform Commercial Code applies to the affected Collateral, and also may (i) require the Grantor to, and the Grantor hereby agrees that at its expense and upon request of CIC it shall forthwith, assemble all or part of the Collateral as directed by CIC and make it available to CIC at such places reasonably convenient to both parties as CIC may designate, and (ii) without notice, except as specified below, sell the Collateral or any part thereof in one or more public or private sales, at any of CIC's offices or elsewhere,

for cash, on credit or for future delivery, and at such price or prices and upon such other terms as CIC may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. CIC shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. CIC may adjourn any public or private sale from time to time by public announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to be which it was so adjourned.

(d) All cash proceeds received by CIC in respect of any sale of, collection from or other realization upon all or any part of the Collateral shall be applied as follows:

(i) First, to the payment of all costs and expenses incident to the enforcement of this Agreement, including, but not limited to, compensation to the agents, contractors and attorneys of CIC;

(ii) Second, to the payment of the Amounts Payable;
and

(iii) Third, the remainder, if any, to the Grantor or to whomever may be lawfully entitled to receive such remainder; provided, however, that the Grantor shall remain liable to CIC for any deficiency in the Amounts Payable remaining after the application of such proceeds as provided in this Section 13(d) and, provided, further, that nothing herein contained shall in any way limit or restrict CIC's rights to proceed directly against the Grantor (and, to the extent provided in Section 14, the partners of the Grantor) without first exhausting, or in any manner exercising its rights in respect of, the Collateral.

(e) CIC shall have the right to become the purchaser at any sale made pursuant to the provisions of this Section 13 and shall have the right to credit against the amount of the bid made therefor the amount payable to CIC out of the net proceeds of such sale. Recitals contained in any conveyance to any purchaser at any sale made hereunder shall conclusively establish the truth and accuracy of the matters therein stated, including, without limitation, nonpayment of the Amounts Payable and advertisement and conduct of such sale in the manner provided herein. The Grantor does hereby ratify and confirm all legal acts that CIC may do in carrying out the provisions of this Agreement.

(f) Any sale of the Collateral or any part thereof pursuant to the provisions of this Section 13 shall operate to divest all right, title, interest, claim and demand of the Grantor in and to the property sold and shall be a perpetual bar against the Grantor. Nevertheless, if requested by CIC so to do, the

Grantor shall join in the execution, acknowledgment and delivery of all proper conveyances, assignments and transfers of the property so sold. It shall not be necessary for CIC to have physically present or constructively in its possession any of the Collateral at any such sale, and the Grantor shall deliver all of the Collateral to the purchaser at such sale on the date of sale and, if it should be impossible or impracticable then to take actual delivery of the Collateral, the title and right of possession to the Collateral shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered. The Grantor agrees that if the Grantor retains possession of the property or any part thereof subsequent to such sale, the Grantor shall be considered a tenant at sufferance of the purchaser and shall, if the Grantor remains in possession after demand to remove, be guilty of forceful detainer and be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived by the Grantor.

(g) Subject to any requirements of applicable law, the Grantor agrees that neither the Grantor nor the General Partner of the Grantor, nor any affiliate of either of them, shall at any time have or assert any right, under any law pertaining to the marshalling of assets, the sale of property in the inverse order of alienation, the administration of estates of decedents, appraisement, valuation, stay, extension or redemption, now or hereafter in force, in order to prevent or hinder the rights of CIC or any purchaser of the Collateral or any part thereof under this Agreement, and the Grantor, to the extent permitted by applicable law, hereby waives the benefit of all such laws.

(h) Upon any sale made under the powers of sale herein granted and conferred, the receipt of CIC shall be sufficient discharge to the purchaser or purchasers at any sale for the purchase money, and such purchaser or purchasers and the heirs, devisees, personal representatives, successors and assigns thereof shall not, after paying such purchase money and receiving such receipt of CIC, be obliged to see to the application thereof or be in anywise answerable for any loss, misapplication or nonapplication thereof.

(i) Each and every right, power and remedy hereby granted to CIC is in addition to, and not in derogation of, any right, power and remedy granted by the Loan Agreement and the Promissory Notes issued thereunder and shall be cumulative and not exclusive, and each and every right, power and remedy, whether specifically hereby granted or otherwise existing, may be exercised from time to time and as often and in such order as may be deemed expedient by CIC, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by CIC in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a

waiver thereof or of any other right, power or remedy then or thereafter existing. Any and all covenants in this instrument may from time to time by instrument in writing signed by CIC be waived to such extent and in such manner as CIC may desire, but no such waiver shall ever affect or impair CIC's rights hereunder except to the extent specifically stated in such written instrument.

(j) CIC, in lieu of or in addition to exercising any other power hereby granted, may, without notice, demand or declaration of default, which are hereby waived by the Grantor, proceed by an action or actions in equity or at law for the seizure and sale of the Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of the Collateral or any part thereof or for the enforcement of any other appropriate equitable or legal remedy; and upon the commencement of judicial proceedings by CIC to enforce any right under this Agreement, CIC shall be entitled as a matter of right against the Grantor to such appointment of a receiver, without regard to the adequacy of the security by virtue of this Agreement or any other collateral or to the solvency of the Grantor.

(k) Notwithstanding the foregoing, CIC agrees not to interfere with a lessee's quiet enjoyment of Equipment under a Lease approved by CIC pursuant to Section 3.01 or 7.01 of the Loan Agreement so long, but only so long, as no event of default or termination, and no event which, with the giving of notice or lapse of time, or both, would constitute such an event, has occurred under such Lease.

SECTION 14. Recourse to Partners. Subject to the proviso below, CIC agrees that it will not assert, directly or indirectly, in its own name, by or on behalf of the Grantor or otherwise, any claim against any limited partner or the General Partner of the Grantor for payment or performance of any duty, liability or other obligation of the Grantor arising under this Agreement; provided, however, that CIC shall have full recourse against the General Partner of the Grantor to the extent of any distributions to partners made in violation of Section 5.02(d) of the Loan Agreement or any other payments made by the Grantor to the General Partner of the Grantor in violation of the provisions of the Loan Agreement and with respect to any claims which CIC shall make against the General Partner of the Grantor for any misrepresentation or omission made by the Grantor or the General Partner of the Grantor in the Loan Agreement, this Agreement or any document, instrument or report delivered pursuant hereto.

SECTION 15. Indemnity and Expenses.

(a) The Grantor agrees to indemnify CIC from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from CIC's gross negligence or willful misconduct.

(b) The Grantor shall upon demand pay to CIC the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and or any experts and agents, which CIC may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, sale of, collection from or other realization upon any of, the Collateral, (iii) the exercise or enforcement of any of the rights of CIC hereunder, or (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

SECTION 16. Amendments; Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Grantor herefrom shall in any event be effective unless the same shall be in writing and signed by CIC, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 17. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing, including telegraphic communication, and (a) if to the Grantor, mailed or telegraphed or delivered to it, addressed to it at 655 Montgomery Street, Suite 1200, San Francisco, California 94111, Attention: Robert S. Leichtner, Vice President and General Counsel, and (b) if to CIC, mailed or telegraphed or delivered to it, addressed to it at Citicorp Center, One Sansome Street, 28th Floor, San Francisco, California 94104, Attention: Equipment Finance Division, or at such other address as either party may designate to the other in a written notice delivered in accordance with the terms of this Section. All such notices and other communications shall, when mailed or telegraphed, be effective when properly deposited in the mails or delivered to the telegraph company addressed as in accordance with this Section.

SECTION 18. Continuing Security Interest; Etc. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Amounts Payable and performance in full of all of the Grantor's obligations hereunder and under any documents or instruments evidencing or relating to any of the Amounts Payable; (b) be binding upon the Grantor, its successors and assigns, provided, however, that the Grantor shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of CIC; and (c) inure to the benefit of CIC and its successors, transferees and assigns. Upon payment in full of the Amounts Payable and performance in full

of all of the Grantor's obligations hereunder and under any documents or instruments evidencing or relating to any of the Amounts Payable, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Grantor. Upon any such termination, CIC shall, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 19. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of California, as applied to contracts entered into by California residents and to be performed entirely within California, except to the extent that the validity or perfection of the security interest hereunder or remedies hereunder in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of California, including federal law. Unless otherwise defined herein, terms used in Division 9 of the Uniform Commercial Code in the State of California are used herein as therein defined.

SECTION 20. Severability. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

SECTION 21. Releases. No release from the lien of this Agreement of any part of the Collateral by CIC shall in anywise alter, vary or diminish the force, effect or lien of this Agreement on the balance of the Collateral.

SECTION 22. Subrogation. This Agreement is made with full substitution and subrogation of CIC in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof.

SECTION 23. Nature of Agreement. This Agreement will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, or security agreement, and from time to time as any one or more thereof as is appropriate under applicable state law.

SECTION 24. Counterparts. This Agreement may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

SECTION 25. Headings. The section headings used in this Agreement are intended principally for convenience and shall not, by themselves, determine the rights and obligations of the parties to this Agreement.

SECTION 26. Entire Agreement. This Agreement, the Loan Agreement, the Promissory Notes issued pursuant to the Loan Agreement and all documents or instruments to be delivered to CIC hereunder or thereunder contain all of the terms and conditions agreed upon by the parties relating to the subject matter of this Agreement and supersede any and all prior and contemporaneous agreements, negotiations, correspondence, understandings and communications of the parties, whether oral or written, respecting the subject matter.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PLM TRANSPORTATION EQUIPMENT PARTNERS
VIIIID 1985 LEVERAGED FUND, A CALIFORNIA
LIMITED PARTNERSHIP

By: PLM Financial Services, Inc.,
General Partner

[CORPORATE SEAL]

By: _____
Title: _____

PLM INVESTMENT MANAGEMENT, INC.,

By: _____
Title: _____

CITICORP INDUSTRIAL CREDIT, INC.

By: _____
Title: _____

SECTION 26. Entire Agreement. This Agreement, the Loan Agreement, the Promissory Notes issued pursuant to the Loan Agreement and all documents or instruments to be delivered to CIC hereunder or thereunder contain all of the terms and conditions agreed upon by the parties relating to the subject matter of this Agreement and supersede any and all prior and contemporaneous agreements, negotiations, correspondence, understandings and communications of the parties, whether oral or written, respecting the subject matter.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PLM TRANSPORTATION EQUIPMENT PARTNERS
VIIIID 1985 LEVERAGED FUND, A CALIFORNIA
LIMITED PARTNERSHIP

By: PLM Financial Services, Inc.,
General Partner

[CORPORATE SEAL]

By: /s/
Title: _____

PLM INVESTMENT MANAGEMENT, INC.,

By: /s/
Title: _____

CITICORP INDUSTRIAL CREDIT, INC.

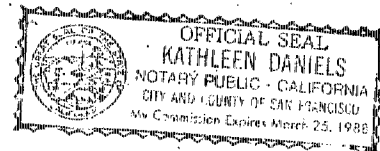
By: *Barth Miller*
Title: VICE PRESIDENT

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 24 day of December, in the year 1986, before me, the undersigned, a Notary Public in and for said state, personally appeared Herbert D. Montgomery, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument as Sr. Vice Pres. of PLM Financial Services, Inc., the corporation therein named as the general partner of PLM Transportation Equipment Partners VIIID 1985 Leveraged Fund, a California limited partnership, the partnership therein named, and acknowledged to me that said corporation executed it as general partner of said partnership and that the partnership executed it.

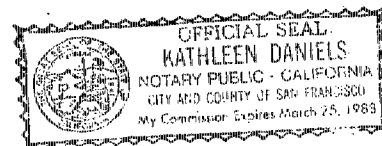
Signature: Kathleen Daniels
My Commission Expires: 3-25-88

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)



On this 24 day of December, in the year 1986, before me, the undersigned, a Notary Public in and for said state, personally appeared Herbert D. Montgomery, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as Sr. Vice President of PLM Investment Management, Inc., one of the corporations therein named and acknowledged to me that said corporation executed it.

Signature: Kathleen Daniels
My Commission Expires: 3-25-88



STATE OF New York)
)
COUNTY OF New York) ss:

On this 26 day of DECEMBER, in the year 1986, before me, the undersigned, a Notary Public in and for said state, personally appeared ROGER P. MILLER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as A VICE PRESIDENT of Citicorp Industrial Credit, Inc., one of the corporations therein named and acknowledged to me that said corporation executed it.

Signature: Yasuko Noguchi
My Commission Expires:

YASUKO NOGUCHI
Notary Public, State of New York
No. 24-4755985
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1988

Schedule I to Security Agreement

Description of Railroad rolling stock assets covered by Security Agreement.

Eleven 5-Platform Bulkheaded Intermodal Container Flat Railroad Cars bearing Car Numbers SP513350 to and including SP513360.

Memorandum of Lease between PLM Investment Management, Inc. and Greenbrier Leasing Corporation dated December 16, 1986.